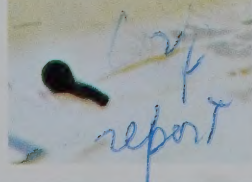
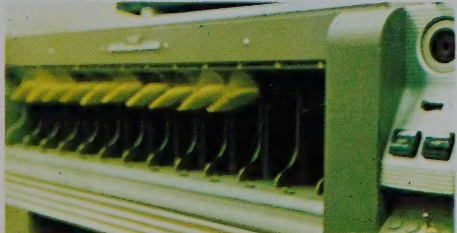
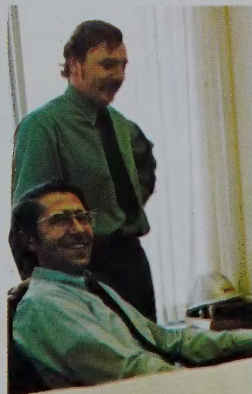
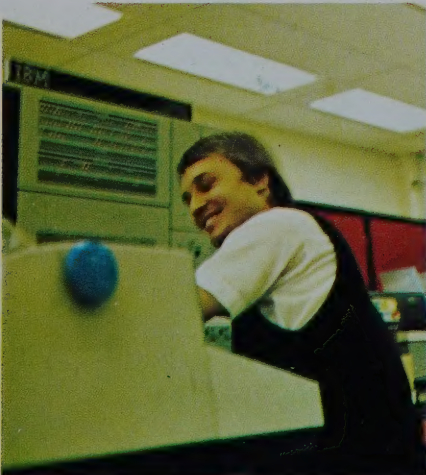


PRINCIPAL GROUP LTD.



edmonton, alberta

*- A prime residence
for International Funds*

Head Office location of the Principal Group.

The City of Edmonton has a sound, vigorous, economic base in oils, chemicals, food processing, finance and transportation – yet remains a frontier city, standing as the control centre for the vast northern third of the North American continent.

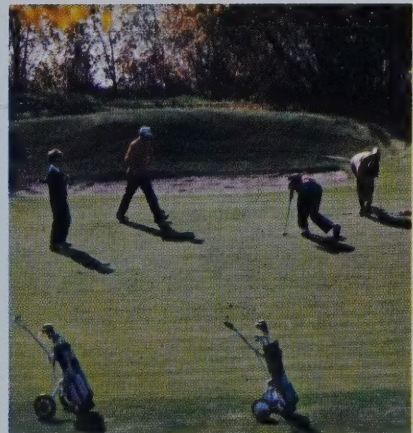
Edmonton has direct jet flights to major North American centres and to points in Europe, Japan, and Hong Kong.

With a population of 500,000, Edmonton houses the 20,000-student University of Alberta, with its internationally known schools of Law, Commerce, Physics, Mathematics – Computing Science and Medicine.

Edmonton is also the capital of the Province of Alberta, which contains the Edmonton-Jasper-Banff triangle, a beautiful, mountainous, year-round recreational area – the Switzerland of North America.

Economically strengthened by substantial oil revenues, the Province of Alberta has the lowest debt structure of any province or state on the continent, yet provides one of the most comprehensive social security and educational structures. There is no sales tax and only 25% of the average estate tax level for the whole of Canada and the United States.

With a long history of stable, progressive, free-enterprise governments, this province is proving to be a prime residence for international funds and private capital.





president's letter

The 1960's were a decade of outstanding growth and development, and it is not surprising that 1970 brought on a correction with a major weakening of stock markets and a precipitous drop in the market values of government bonds and fixed income securities.

Consequently, it was with a great deal of satisfaction that Principal Group was able to provide its customers — over 100,000 of them in Canada, most of whom follow the Group's "balanced" approach to investments and savings — with a high degree of liquidity and available cash all through the year. By mid 1970, the companies in the Group were carrying \$8,000,000, or around 8% of total assets in cash or in Bank Deposit Receipts available within 30 days. The Group was thus able, at a critical time, to meet any requirements of its customers for cash values or loans, when money was often not available elsewhere.

Although the companies had record maturities in 1970, there was a rapid increase in new deposits and single pay cash sales. By the month of December, the Group had a positive cash flow (receipts less maturities, redemptions and loans), of \$1,970,000 for the month. These consisted of \$717,000 in net certificate receipts, \$1,093,000 in Guaranteed Investment Certificate receipts and \$160,000 in mutual fund receipts. We were particularly happy to see that, although the Canadian Mutual Fund Association reported 1970 sales as down 50% and a net cash outflow for the industry as a whole of \$33,000,000 for the year, Principal Trust, on its mutual funds, had a net cash inflow every month of the year.

In return for their confidence and loyalty, we are confident that we will be able to provide a good, competitive financial return to all our investors through 1971 and 1972.

Our distributing organization achieved \$37,000,000 in new sales, a 6% increase over the prior year, but had a major shift to single pay business. The cash receipts from single pay business, which is in addition to the regular cash flow from the accumulation plans, increased 107% to \$11,700,000, and is currently running well in excess of \$1,000,000 a month. Business in force increased 9% to \$255,000,000. Gross assets under management increased 4.6% to \$105,000,000.

Principal Savings & Trust Company, a member of the Canada Deposit Insurance Corporation, and operating in six provinces, continues to be the star performer in the Group. It has the greatest flexibility, and consequently can offer the Group's customers the widest range of services at any of its offices. By offering multiple services, it is able to reduce the cost of the services, and then pass these savings on to the customers through higher returns.

Principal Life Insurance Company of Canada (La Principale du Canada, Compagnie d'Assurance Vie), a federal Canadian company, is now licensed in all provinces. Its assets at year end were \$1,100,000. With the extension of dual licensing for mutual fund and insurance agents, we expect this company to have a great future by providing our existing customers with their insurance needs on a low-cost basis.

Our net profit after tax increased 116% to \$368,716. Our operating income which should have been up substantially, was down slightly from the prior year. It was affected by the rapid increase in single pay cash sales late in the year. These require an immediate expense pay out, while the increased yield from these funds will only be available over the next several years. Of our Group's total certificate reserves, \$33,000,000, or 62%, represent maturities for 1975 and later years, and \$31,000,000 are reserved approximately 7% over their cash surrender values. This "reserve" provides extra protection for the accumulation certificate holders over their cash values, in addition to the general capital and surplus of the companies themselves.

I wish to pay tribute to the men and women who serve the Principal Group and its many customers. Major challenges have been presented to them by the accelerated rate of change to new and modern financial concepts and new and better ways of handling the complexities of our business. These challenges have been accepted and are welcomed. We are Number Two in our field in Canada, and our Group continues to offer exceptional opportunities for dynamic and creative work.

Cordially,



Donald M. Cormie, Q.C.,

President and Chairman of the Board

administrative systems & services



With about 425,000 transactions between Principal Group and its 100,000 customers every year, the organizational and administrative task could be overwhelming without the aid of the Group's I.B.M. 360 Computer facility.

At extremely high speed, this computer facility maintains the records, and continually informs all of our customers on the status of their investments with our Group. On top of this, a highly trained staff is available

to answer the special and individual needs of our customers.

A major effort is made by the Group to keep abreast of new administrative techniques and thereby provide management with a comprehensive system of economic reporting and control.

To this end sophisticated programs are in use or being set up to report the continually changing assets, liabilities and transactions of the Group as well as provide profit models and

econometric models as management tools.

Because of the growing market outside the Group for many of the advanced systems developed for internal use, the Group utilizes its facilities and highly trained personnel as a management consulting service.

Programs being utilized by our customers include a Computerized Sales Performance Analysis, and Investment Analysis System and a new Genetic Selection System for Agribusiness.

- 100,000 customers
- I.B.M. 360 Computer facility.
- Profit models and econometric models
- A management consulting service.
- A new Genetic Selection System for Agribusiness.

sales and marketing

Principal Group may be many things, but to most of our 100,000 customers, Principal Group's responsibility and integrity is represented by one man — their financial planning representative. These 200 independent professionals, operating from fifteen offices in Canada and the United States, displayed their continuing ability to earn the trust of their customers by stressing the lessons of thrift.

Despite a year of severe monetary restrictions, sales increased 6% to \$37,000,000 and continued at a rate better than \$3,000,000 per month. These figures are further enhanced by the signifi-

cantly larger percentage of lump sum cash business achieved this year.

Productive ideas are essential in a business as demanding as ours, and in this our representatives were aided by our Marketing Department's skill in creating a balanced product line. In keeping with this concept, Principal Venture Fund, a speculative mutual fund, was introduced in May 1970. Offering both equity and guaranteed investments, the Marketing Department helped our representatives to serve the customers of the Group, with plans from \$30 a month to \$2,000,000 fully-paid programs.

New products are continually being examined to meet the needs of our customers. Within the next two years, a full range of life insurance programs will be integrated with our services. In addition, an "M" fund, or mortgage fund, will be made available to our customers seeking a higher yield with a small degree of risk.

In this atmosphere of productive ideas, skillful leadership and hard, responsible work, the position of financial planning representative is the most challenging job Principal Group has to offer — and gives assurance of continued rapid growth for the Group.

• Sales up 6% • \$3,000,000 a month • 200 financial planning representatives • Single Pay Cash up 107% • Business in Force \$255,000,000 — up 9% • Principal Venture Fund introduced



investment analysis — custodianship

While it is important to have a funds-gathering resource, it is equally important to have a flexible and competent investment capability. This capability can really be divided into two separate areas.

In the securities area, our proximity to the expanding northern oil and natural resource industries keeps us in the forefront of these Canadian endeavours. Meanwhile, under the advisement of N.Y. investment counsellors, and thanks to excellent communications with research analysts from the finest investment firms on the continent, the home office is in direct contact with financial events all over the world.

Our second area of skill lies in the field of specialized mortgages. Our ability to move quickly and make fast decisions opens a large and profitable market for our investment managers.

While the group employs the services of an independent Canadian bank as custodian of all securities certificates, the custodian does not perform any managerial or policy-making functions for any of the companies. Their role is important and valuable to the companies and stockholders alike by sharing in the assurance that a financially-stable, independent and neutral depository is guarding their interests.

- Meticulous stewardship of customers money
- Independent Canadian Bank for physical safekeeping
- Expertise in specialized mortgages.
- Direct contact with leading brokers in North America.





financial statements

Auditors' Report

To the Shareholders of Principal Group Ltd.

We have examined the consolidated balance sheet of Principal Group Ltd. and its subsidiary companies as at December 31, 1970 and the consolidated statements of income and of retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, except that we believe the amount of \$774,000 referred to in Note 2(b) to the financial statements should be recorded as a charge to the current year's operations and subject to the outcome of the litigation referred to in Note 8 to the financial statements, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied, except for the changes explained in Notes 3 and 7 to the financial statements, on a basis consistent with that of the preceding year.

DELOITTE, HASKINS & SELLS
Chartered Accountants

Edmonton, Alberta
April 1, 1971.

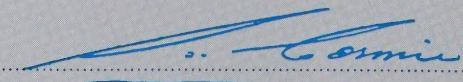
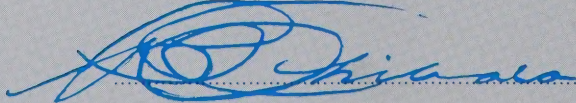
PRINCIPAL

AND ITS SUBSID

CONSOLIDATED BALANCE SH

(with 1969 figure

ASSETS

	1970	1969
Cash	2,961,909	2,759,232
INVESTMENT IN MARKETABLE		
SECURITIES: at cost (Note 2)		
Government and municipal bonds	10,072,707	11,254,673
Corporation bonds	1,423,297	825,343
Corporation notes and debentures	7,881,809	3,580,000
Preferred and common stocks	4,817,752	6,527,147
Accrued interest and dividends	428,976	623,243
	24,624,541	22,810,406
FIRST MORTGAGES AND		
SECURED LOANS	37,727,705	30,754,134
REAL ESTATE —		
at cost plus carrying charges.....	2,108,159	1,718,484
INVESTMENT IN AND ADVANCES TO SUBSIDIARIES		
NOT CONSOLIDATED (Note 1)	77,464	47,250
INVESTMENT IN SHARES OF AFFILIATED		
COMPANY — at cost	318,724	318,724
ACCOUNTS RECEIVABLE AND		
OTHER ASSETS.....	726,416	497,657
EXCESS OF COST OF SHARES OF CONSOLIDATED		
SUBSIDIARIES OVER BOOK VALUE OF NET ASSETS		
AT DATE OF ACQUISITION.....	5,808,597	5,808,597
Approved by the Board:		
 Director		
 Director		
TOTAL	\$74,353,515	\$64,714,484

The accompanying notes are an integr

GROUP LTD.

ARY COMPANIES

HEET AS AT DECEMBER 31, 1970

(for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1970	1969
CERTIFICATE LIABILITIES: (Note 3)		
Cash surrender liability.....	43,605,787	42,653,720
Provision for maturity.....	3,210,828	3,912,651
	<u>46,816,615</u>	<u>46,566,371</u>
GUARANTEED INVESTMENT CERTIFICATES AND DEPOSITS.....	9,213,421	3,753,789
BANK AND OTHER LOANS PAYABLE (Note 4).....	7,534,231	4,942,307
INCOME TAXES PAYABLE (Note 5)		
Current.....	431,632	130,022
Deferred.....	300,701	202,000
DUE TO PARENT AND AFFILIATED COMPANIES.....	1,395,573	1,605,979
ACCOUNTS PAYABLE AND ACCRUED CHARGES.....	1,232,026	522,208
DEFERRED INCOME.....	349,126	—
MINORITY INTEREST IN SUBSIDIARIES — including \$738,250 (1969 \$838,250) of 7% cumulative preferred shares.....	800,965	899,299
SHAREHOLDERS' EQUITY:		
Capital stock:		
Authorized (Note 6)		
Issued and fully paid:		
100,000 First preferred shares.....	2,500,000	2,500,000
108,000 6% Second preferred Series I shares.....	2,700,000	2,700,000
1,000,000 Common voting shares.....	500,000	500,000
Total capital stock.....	<u>5,700,000</u>	<u>5,700,000</u>
General mortgage investment reserve - appropriated from retained earnings.....	65,000	—
Retained earnings.....	514,225	392,509
Total shareholders' equity.....	<u>6,279,225</u>	<u>6,092,509</u>
TOTAL.....	<u>\$74,353,515</u>	<u>\$64,714,484</u>

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1970
(with 1969 figures for comparison)

	1970	1969
INCOME:		
Income from investments.....	\$4,349,050	\$3,913,050
Commissions and management services.....	552,991	332,115
Total income.....	<u>4,902,041</u>	<u>4,245,165</u>
EXPENSE:		
Interest on certificate liabilities less gain on optional and automatic settlements.....	2,011,980	1,872,491
Operating expenses - less service fees.....	2,598,897	2,018,984
Total expense.....	<u>4,610,877</u>	<u>3,891,475</u>
INCOME FROM OPERATIONS.....	291,164	353,690
NET (LOSS) GAIN ON SALE OF SECURITIES.....	(12,342)	50,895
INCOME BEFORE INCOME TAXES AND UNDERNOTED ITEMS.....	278,822	404,585
PROVISION FOR INCOME TAXES (Note 5).....	177,989	156,873
INCOME BEFORE UNDERNOTED ITEMS.....	<u>100,833</u>	<u>247,712</u>
ADD EXTRAORDINARY ITEMS:		
Certificate liability adjustment (Note 3).....	265,426	—
Recovery of income taxes (Note 5).....	63,300	3,400
Total extraordinary items.....	<u>328,726</u>	<u>3,400</u>
	<u>429,559</u>	<u>251,112</u>
DEDUCT MINORITY INTEREST IN INCOME OF SUBSIDIARIES.....	60,843	70,853
NET INCOME FOR THE YEAR.....	<u>\$ 368,716</u>	<u>\$ 180,259</u>

The accompanying notes are an integral
part of the financial statements.

part of the financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1970

(with 1969 figures for comparison)

	1970	1969
RETAINED EARNINGS:		
Unappropriated:		
Balance beginning of the year as previously reported	\$296,206	\$323,711
Add (deduct):		
Non-contributory benefit fund adjustment (Note 7)	67,183	60,529
Capitalization of 1969 interest expense (Note 7)	56,576	—
Adjustment of prior years' income taxes (Note 5)	(127,456)	(46,990)
As restated.....	292,509	337,250
Net income for the year.....	368,716	180,259
	<u>661,225</u>	<u>517,509</u>
Deduct:		
Premium on redemption of preferred shares.....	7,000	—
Dividends paid - first preferred shares.....	175,000	175,000
Appropriation to purchase fund.....	50,000	50,000
Appropriation to general mortgage investment reserve.....	65,000	—
Total deductions	<u>297,000</u>	<u>225,000</u>
Balance end of the year	<u>364,225</u>	<u>292,509</u>
Appropriated for purchase of first preferred shares (Note 6):		
Balance beginning of the year	100,000	50,000
Appropriation for the year.....	50,000	50,000
Balance end of the year	<u>150,000</u>	<u>100,000</u>
TOTAL RETAINED EARNINGS	<u>\$514,225</u>	<u>\$392,509</u>

PRINCIPAL GROUP LTD.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1970

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of the following subsidiary companies:

• First Investors Corporation Ltd. • Associated Investors of Canada Ltd. • Principal Savings and Trust Company • Principal Life Insurance Company of Canada • Principal Service Inc. • Principal Consultants Ltd. • Mercer & Williams Agency Ltd. • Athabasca Holdings Ltd. and its wholly-owned subsidiaries

The accounts of Collective Mutual Fund Ltd. and Principal Venture Fund Ltd. have not been consolidated as the nature of their business is different from that of the company and its other subsidiaries.

2. MARKETABLE SECURITIES:

(a) Statutory values of marketable securities determined in accordance with the statutory regulations applicable to the respective companies are as follows:

	1970	1969
Government and municipal bonds (market value 1970 8,668,629, 1969 8,414,094)	10,072,960	11,229,731
Corporation bonds (market value 1970 1,321,787, 1969 617,950)	1,418,857	823,893
Corporation notes and debentures — principal balance (market values not readily available.)	7,881,809	3,580,000
Preferred and common stocks (market value 1970 3,212,099, 1969 4,883,585)	3,798,452	5,605,837
Accrued interest and dividends receivable	429,723	623,243
Total	23,601,801	21,862,704

(b) As partial consideration for the acquisition of certain investments during the year subsidiary companies exchanged at their cost, marketable securities which had market values aggregating approximately \$774,000 below cost. While certain accounting conventions may consider that this difference should be charged to the current year's operations the companies consider that in the exchange of assets they have not suffered any loss but have actually increased their yield and cash flow while maintaining their security and have, therefore, not written down the assets acquired with the resulting charge to operations.

Had such a write-down been made in 1970 a like amount would have been taken into income over the succeeding years as the face value of the securities acquired was realized.

3. CERTIFICATE LIABILITIES:

For determining certificate liabilities subsidiary companies have since commencement of business, been using the rates of interest at or below those authorized by regulatory authorities and not in excess of 4%. On review of the above method in the past few years the subsidiary companies have determined that it no longer properly matches costs against revenue and have, therefore at December 31, 1970 changed the method of calculation. The certificate liabilities are now recorded by accruing interest on the cash paid in so that the contracts will mature at their fact amount and acquisition costs will be amortized over the period of the contract.

This change results in a reduction of certificate liabilities of \$557,779. It is not possible to determine the portion of income credit due each of the prior years. This amount, less income taxes thereon of \$292,353 is recorded in the statement of income as an extraordinary item.

4. PLEDGED ASSETS:

Bank and other loans payable are secured by government and corporation bonds and accrued interest in the amount of \$7,796,525, real estate recorded at cost of \$951,068, shares of subsidiary companies, and a general assignment of book debts.

5. INCOME TAXES:

Expenses have been claimed in full and income deferred where allowable for income tax purposes in order to minimize income taxes currently payable. For the year ended December 31, 1970 accounting income exceeds taxable income and as a result \$98,701 has been added to the provision for income taxes that will become payable in future years.

The certificate liability adjustment explained in Note 3 results in \$557,779 being included in taxable income of subsidiary companies. Due to the carry forward of prior year's losses income taxes otherwise payable of \$63,300 are not required and are recorded in the statement of income as an extraordinary item.

During the year the company and its subsidiaries were reassessed for income taxes of \$127,456 applicable to the years 1965 to 1969. Accordingly the balance of retained earnings at December 31, 1969 has been restated from the amount previously reported to reflect the retroactive charge for additional income taxes. Of this amount \$80,466 is applicable to 1969 and has been recorded as an increase in the provision for income taxes for that year, the balance of \$46,990 is applicable to the years prior to 1969 and has been charged to retained earnings at January 1, 1969.

6. CAPITAL STOCK:

The authorized share capital is summarized as follows:

200,000 7% Cumulative first preferred shares redeemable at \$26.75
200,000 Non Cumulative redeemable second preferred shares of a par value of \$25 each, issuable in series. Series 1 redeemable at \$26.50.
1,000,000 Common voting shares of no par value
1,000,000 Common Class A non-voting shares of no par value

The following rights and conditions apply, among others, to the capital stock:

(a) The company shall, on the first day of September in each year, commencing in the year 1968, enter on its books to the credit of a purchase fund for the first preferred shares an amount to be used for the purchase of first preferred shares which shall be equal to 2% of the aggregate par value of the first preferred shares outstanding on the thirtieth day of June in such year.

(b) No dividends shall be declared or paid on common shares unless declared and paid firstly on the preferred shares.

During the year 4,000 7% cumulative first preferred shares were redeemed at \$26.75 per share and 4,000 7% cumulative first preferred shares were issued for cash at \$25 per share.

7. ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENTS:

1969 Consolidated statements of income and of retained earnings have been restated to reflect changes in accounting policies adopted in 1970 and to record income taxes assessed with respect to prior years as described in the third paragraph of Note 5. The changes in accounting principles are:

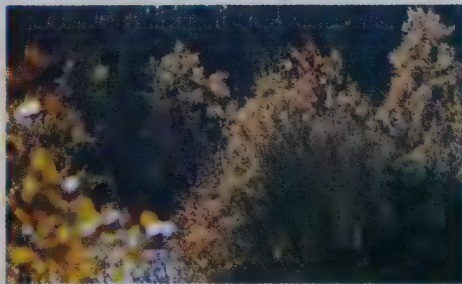
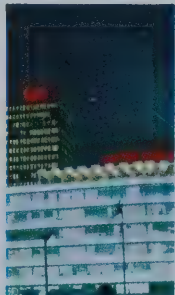
- Capitalization commencing in 1970, of interest on debt: related to land held for development.
- Recording of contributions to a salesmen's benefit fund in 1970 only when amounts are due and payable.

As a result of the foregoing, net income for 1969 has been reduced by \$17,236 from that originally reported.

8. PENDING LEGAL ACTION:

In 1970 two actions were commenced against Principal Group Ltd. regarding certain provisions in a lease agreement with offset provisions contained in an agreement dated February 13, 1970. The company has counterclaimed for specific performance on the basis that the lease agreements are dependent on the completion of the mortgage and finance commitments of its subsidiaries (Associated Investors of Canada Ltd. and First Investors Corporation Ltd.) and applied to have the actions consolidated.

Subsequent to December 31, 1970 two further actions were commenced whereby the plaintiff's claim for partial rescission of the original financing and leasing agreements and substantial damages. The company considers the original financing and leasing agreements are all valid and binding on the parties thereto and that there is no substance to such actions brought against the company.



*Principal
Group Ltd.
1970*

principal group of companies

PRINCIPAL GROUP LTD.

A Canadian company which is the parent of most of the other companies in the group. It provides offices, administrative services and computer services for the other member companies.

FIRST INVESTORS CORPORATION LTD.

Distributor of savings certificates and mutual funds in seven provinces in Canada. Founded in 1954, Investments are of the type permitted under the Canadian and British Insurance Companies Act (Canada).

ASSOCIATED INVESTORS OF CANADA LTD.

Distributor of savings certificates and mutual funds in the two western Canadian Provinces. The oldest company in the group. Founded in 1948. Investments are of the type permitted under the Canadian and British Insurance Companies Act (Canada).

PRINCIPAL INVESTORS

A broker dealer registered federally. Head Office in Seattle, Washington. Distributor of face amount certificates.

PRINCIPAL CERTIFICATE SERIES, INC.

Issuer of face amount certificates. Head Offices, Seattle, Washington.

MERCER & WILLIAMS AGENCY LTD.

A general insurance agency handling life, fire and casualty insurance. Founded in 1957.

PRINCIPAL MORTGAGE CORPORATION LTD.

Real Estate and development financing. Mortgage brokerage, mortgage investment and portfolio management.

PRINCIPAL GROWTH FUND

Managed by Principal Savings & Trust Company. A growth oriented fund designed to participate in the high technology industries.

PRINCIPAL VENTURE FUND LTD.

A speculative fund federally incorporated and distributed through the representatives as well as brokers. Invests in special situations for high performance.

PRINCIPAL SAVINGS AND TRUST COMPANY

A trust company operating in six provinces of Canada. A member of the Canadian Deposit Insurance Corporation, it offers a full range of trust services including investment funds. Founded in 1965. The company is the investment manager for Collective Mutual Fund Ltd., Principal Growth Fund, and Principal Venture Fund Ltd.

COLLECTIVE MUTUAL FUND LTD.

A balanced mutual fund distributed by First Investors Corporation Ltd., Associated Investors of Canada Ltd.

PRINCIPAL LIFE INSURANCE COMPANY OF CANADA – LA PRINCIPALE DU CANADA, COMPAGNIE d'ASSURANCE VIE

A federally chartered company. It offers low-cost life insurance designed to supplement other financial services, and will expand into the international field with equity based policies.

mutual funds

The concept of mutual funds is simple yet powerful — the participation in the growth in earnings of industry through a professionally managed portfolio. Principal Group manages three funds with combined assets of \$19,000,000 at year end. In this way, it provides the opportunity for its customers to share in the ownership of over seventy-five

The confidence our customers had in our funds during the stock market decline of 1970 was particularly gratifying. While the Canadian Mutual Fund Association reported a net cash outflow for 1970, our funds maintained a net cash inflow every month.

The result speaks strongly for the soundness of the Group's phi-



specially selected Canadian and United States companies.

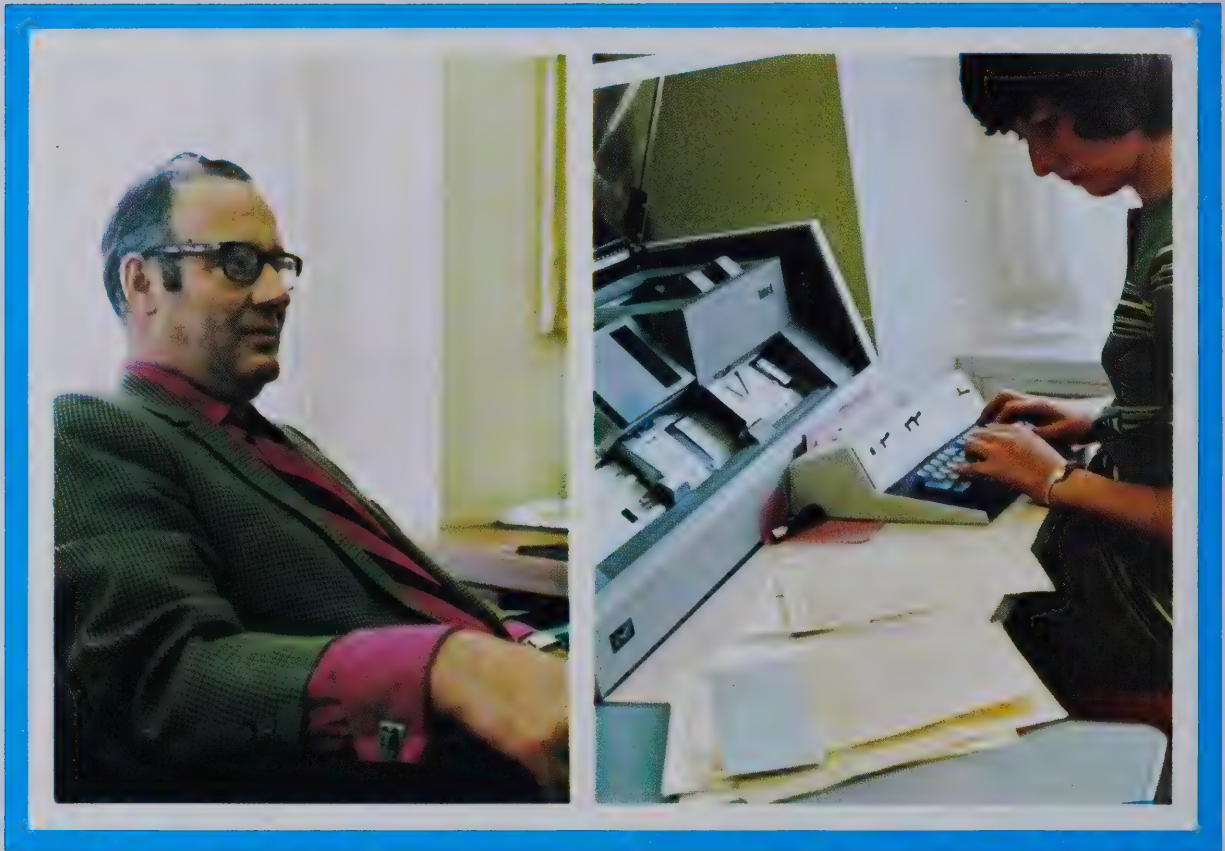
Together these funds offer a wide spectrum of investment philosophies and objectives — from the balanced approach (reasonable growth with reasonable income) — to the venture approach (above average capital gains with its inherent risks).

losophy of offering a balanced financial program — the matching of equity investments with guaranteed investments.

With the predicted easing of interest rates, we expect our mutual funds to demonstrate a good, competitive return in 1971 and 1972.

- **Three Mutual Funds**
- **\$19,000,000 portfolio**
- **Over seventy-five specially selected companies**
- **Net inflow of new cash every month through 1970**
- **Well balanced for 1971 growth.**

certificate services



Principal Group, through its member companies First Investors Corporation Ltd. and Associated Investors of Canada Ltd., offers face-amount certificates.

First Investors was the original company in the Group and Associated Investors was acquired in 1962. At that time, the Group repatriated the company from the United States to Canada.

These certificates are designed for the systematic accumulation of money. They appeal to investors seeking conservation of principal, combined with a tax-deferred income benefit and an

assured rate of return.

Two basic products are offered: one with a stated rate of return and one with a flexible rate of return declared annually. Savings program sizes range upward from a minimum of \$30 a month.

The certificate companies together account for assets greater than \$54,000,000. Their combined sales in 1970 had a value of \$22,229,500, representing a 71% increase over 1969, indicating a strong need for such investment programs despite the increasing desire for equities.

The federal-provincial study of the Mutual Fund and Investment Contract industries, referred to as "The Canadian Committee Report", was reviewed and generally approved by the industry. The report, in the main, endorsed Principal Group's way of doing business.

Under the direction of Mr. Blaine O. Archibald, as President, and Mr. John E. Hart, Q.C., as General Counsel, of these companies, a clearer delineation of operating accountability at the subsidiary level has been achieved, providing a strong base for future growth.

- **Certificate Sales up 71%**
- **Assets \$54,000,000**
- **Record Rate of Additional Credits**
- **Canadian Committee Report, in the main, endorsed our way of doing business**
- **New, clearer delineation of operating accountability**

mortgages & property development

Our Mortgage and Property Development Department, under the management of C. W. (Bill) Green, has shown encouraging progress given the interest rate sensitivity of this area.

The value of our gross portfolio has increased from \$30,000,000 to \$37,000,000 during 1970. This was at a time when many institutions were not placing funds.

The Principal Group participated in the financing of many major developments in Western Canada including:

Parkland Shoppers Mall, Red

The Group also holds important developments sites in the Edmonton area including:

—a hotel-convention complex site opposite the new Court House at the apex of the proposed downtown convention centre.

—45,000 square feet office-hotel site adjoining the Chateau Lacombe on 102 Street.

—5 acre highway commercial site and 36 residential lots in St. Albert, the new university town, on the northern edge of Edmonton.



Deer, Alberta

Brandon Shoppers Mall, Brandon, Manitoba

Columbia Place Apartments, Vancouver, British Columbia

The Department is working closely with some of the major developers in Western Canada, and we look forward to good growth in this Department over the next five years.

- Mortgages up 23% to \$37,000,000
- Financed major Western Canadian developments
- Important development sites in Edmonton area

trust services

Under the direction of Mr. Dennis Stewart, Vice President of Marketing, Principal Savings & Trust took a major step forward with the opening of the modern yet uniquely personal trust branch in the McCauley Plaza in Edmonton.

During the year the capital and guaranteed funds of Principal Trust grew from \$4,500,000 to \$10,000,000, an increase of 122%, demonstrating, we feel, the personal touch offered by the Trust Offices as well as our ability to be competitive in bidding for funds.

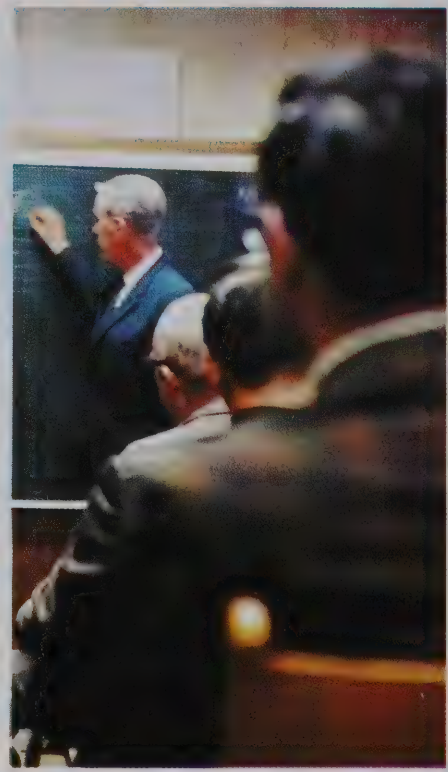
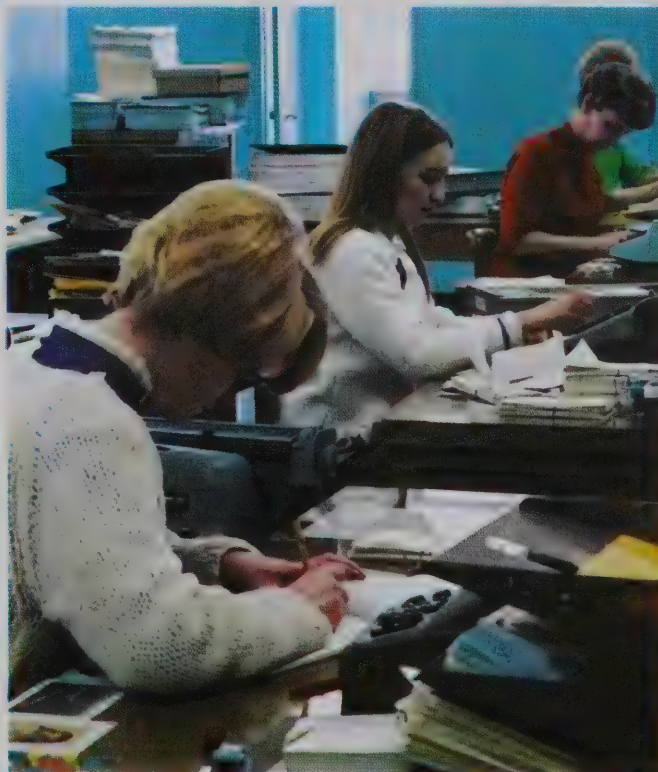
The offices offer complete savings and chequing privileges as

well as guaranteed certificates with attractive yield. Principal Trust is a member of the Canada Deposit Insurance Corporation.

Principal Trust's expertise in the management of pension funds and investment trusts is reflected in the growth of assets under administration — from \$13,580,000 to \$19,164,000, an increase of 41%.

1971 promises to be an even more exciting year for the trust division as its services are continually being expanded and rounded out, further complementing the range of financial services offered by the Group.

- **New Trust office in McCauley Plaza, Edmonton, Alberta**
- **Guaranteed funds up 122%**
- **Assets under administration up 41%**
- **Canada Deposit Insurance**



regional offices

CALGARY

#4, 207 - 14 Street, N.W.
(403) 283-5998
Laurence S. Heninger
Region Manager

EDMONTON AIC

203 - 10711 - 107 Avenue
(403) 429-3201
Donald O. Toreson
Region Manager

EDMONTON FIC

10011 - 103 Street, 2nd Floor,
(403) 423-3237
James G. Gilhooly
Region Manager

Robert Leer
Peace River Divisional
Manager

Grover Compton
Edmonton Divisional
Manager

KELOWNA

Box 2009, Rutland, B.C.
(604) 765-8130
James J. Mead
Region Manager

SASKATOON

1219A - 8 Street E.
(306) 343-8282
George Driedger
Region Manager
Donald G. Goode
Regina Divisional
Manager

LETHBRIDGE

309 - 6 Street South
(403) 328-2188
William D. Henderson
Region Manager

VANCOUVER

720 Sixth Street, New Westmin-
ster, B.C.
(604) 526-1851
Manfred Eck
Region Manager

HALIFAX

5465 Spring Garden Road
(902) 423-8879, 429-3731
Percy A. Montrose
Region Manager

Murray MacKay
Sydney and P.E.I. Divisional
Manager

G. Ray Graham
Halifax Divisional
Manager

Arthur J. Thornton
Fredericton, N.B. Divisional
Manager

John Patterson
Halifax Rural Divisional
Manager

ST. JOHN'S, Nfld.
302 LeMarchant Road,
(709) 726-0345

VICTORIA

306, 895 Fort Street
(604) 386-2404
Sidney Norris-Jones
Region Manager

trust offices

MAIN OFFICE

Edmonton
McCauley Plaza
10025 - Jasper Avenue
423-2265

D. A. Alfrey Manager
M. King Customer Service
 Manager

R. T. Joyce Business
 Development Officer

M. Allen Customer Services
Mrs. W. Shewchuk Customer
 Services

Miss P. Filipchuk Customer
 Services

Real Estate Department
10011 - 103 Street - 429-4711

Gordon Peterson Manager

Calgary
508A - 8 Avenue S.W.
(403) 264-3474

D. Marson Manager
Miss I. Olson Customer
 Services

Miss L. Hope Customer
 Services

Halifax
5465 Spring Garden Road
(902) 423-8879

Mrs. M. Riddle Customer
 Services

Vancouver
(604) 437-3391

Norman Speckmaier Manager
R. N. Inouye Business
 Development Officer

Mrs. N. Graham Customer
 Services

Mrs. D. Sparks Customer
 Services

account executives

Arthur G. Rolfe
Edmonton

Urban H. Badry
Edmonton

Donald A. Slater
Calgary

Walter W. Green
Calgary

Roger C. Hopkins
Calgary

Bartley Brown
Calgary

W. Reginald Mail
Kamloops

William H. Gleeson
Victoria



head office

MARKETING DEPARTMENT

D. H. Lane Client Relations
N. H. Williams Business and Product Development

SALES DEPARTMENT

R. G. Elliott Sales Administration

INVESTMENT DEPARTMENT

Stocks and Bonds

P. C. Koszec Senior Portfolio Manager
G. Harper
G. Walker

Mortgages

C. W. Green Manager
J. Lambert
D. Kassion
R. Y. Charlton

ADMINISTRATION DEPARTMENT

Accounting

L. C. Penney Chief Accountant
C. F. McNeil Manager, Customer Accounting
D. Keech Internal Auditor
Mrs. F. Ross
D. Quork

Customer Service

C. H. Faulkner Office Services Manager
W. A. Harris Customer Relations Manager
E. Espenberg Office Services

INFORMATION SERVICE DEPARTMENT

L. Petersson Manager
H. Liebernz
R. Reider
D. Wetter
D. Russell
A. Babich

PERSONNEL DEPARTMENT

Miss O. Buhay

President's Office

N. Cochran Executive Assistant to the President

Legal Department

J. E. Hart, Q.C.
Mrs. A. Smith

officers

D. M. Cormie, Q.C.
D. R. Stewart
K. N. Marlin
G. C. Berge
R. D. Callies
R. V. Paul
B. O. Archibald
L. W. Kublik

President and Chief Executive Officer
Vice-President — Marketing
Vice-President — Sales
Vice-President — Finance
General Manager
Treasurer
General Counsel
Controller

PRINCIPAL GROUP

ASSOCIATED INVESTORS



PRINCIPAL LIFE



PRINCIPAL TRUST



FIRST INVESTORS



PRINCIPAL DEVELOPMENTS

